

DoD HR 2002



Federal Wage System – Monroney Amendment

Gary Meadows
Chief

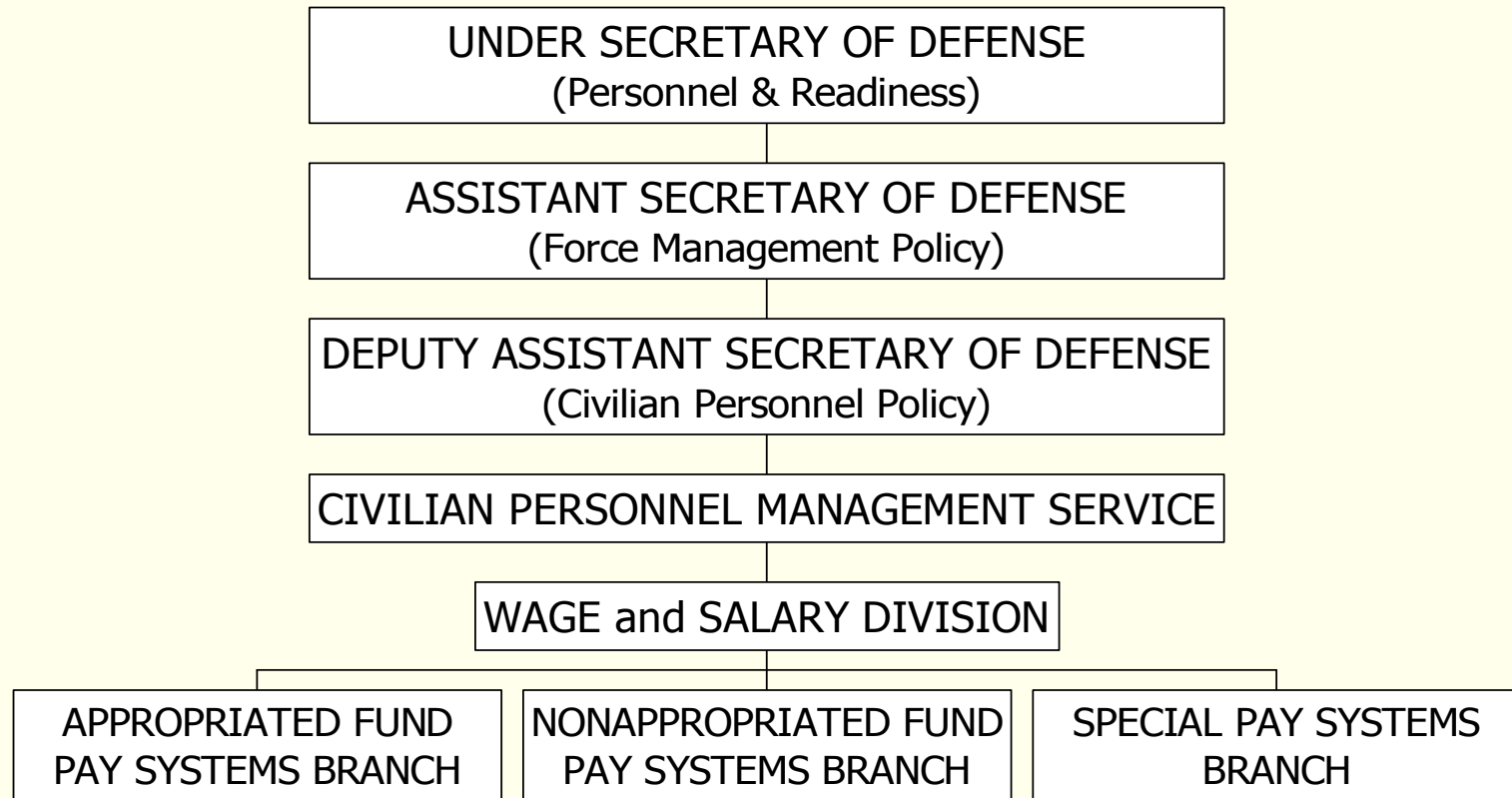
Wage and Salary Division

Wage and Salary Division Mission

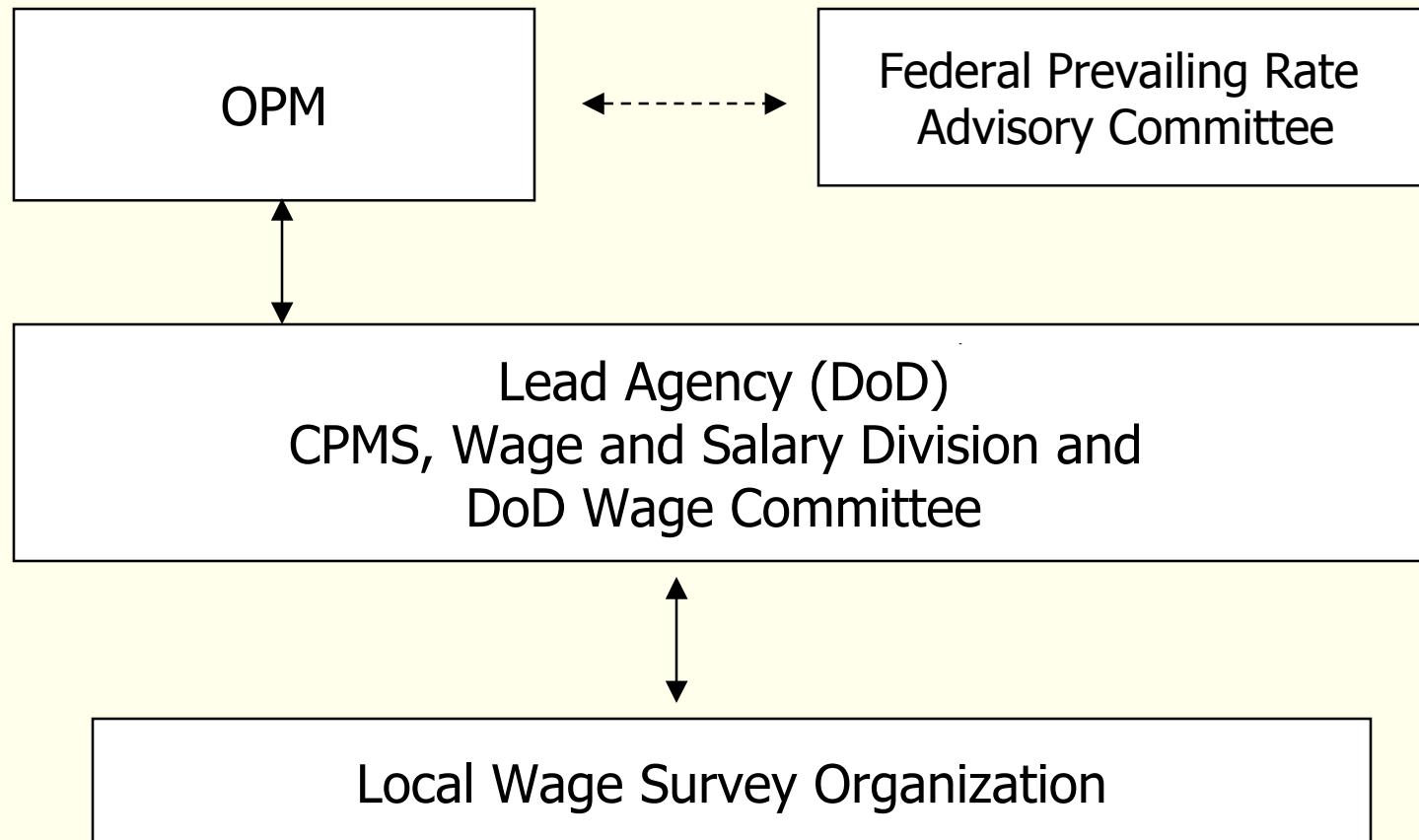


- Execute DoD Pay Setting Authority
- Prevailing Rate (Blue Collar) Locality Surveys
- Special Industry Surveys

Organizational Chart



Federal Wage System (FWS)



Locality Pay History



- **1862 - Congress authorized locality wage system for Navy shipyard workers**
- **1903 - War Department authorized locality rate system**
- **1948 - Army/Air Force system established**
- **1965 - President directed CSC and agency heads to develop one uniform system**
- **1968 - CFWS implemented under Executive authority**
- **1972 - PL 92-392 provided statutory authority for locality rate system**

Prevailing Rate Surveys



- Appropriated Fund - Trade, craft, and laboring occupations
- Nonappropriated Fund
 - Trade, craft, and laboring occupations
 - Administrative Services
 - Patron Services
 - Paybanding

Special Schedule Surveys



- Appropriated Fund
 - Maritime Industry
 - Printing and Lithographic
 - Power
 - Overseas Educators
 - Occupational Special Rates
- Nonappropriated Fund - Occupational Special Rates

FWS Appropriated Fund



- Subchapter S11 - Special Wage Schedules
 - Production Facilitating Positions (WD and WN)
 - Printing and Lithographic Positions
 - U.S. Citizen Wage Employees in Foreign Areas
 - Federal Wage Employees in U.S. Insular Areas
 - Aircraft, Electronic, & Optical Instrument Overhaul & Repair Positions in Puerto Rico
 - Corps of Engineers, U.S. Army Navigation Lock & Dam Employees
 - U.S. Department of Navy Positions in Bridgeport, CA

FWS Appropriated Fund



- Appendix V - Agency Special Wage Schedules & Rates Documented Under the FWS "Set-Aside" Schedules
 - Alaska Area Differentials (4%, 8%, and 12%)
 - U.S. Army Corps of Engineers, Employees on Floating Plants (other than Hopper Dredges)
 - U.S. Army Corps of Engineers, Hopper Dredge Rate Schedules (Atlantic & Gulf Coasts and West Coast)
 - Electronic Equipment Maker, Installer & Repairer, and Radio Maintenance Employees, Washington, DC
 - Television System Employees, Washington, DC

Special Pay Systems Branch



- Special Industry Schedules
- Occupational Special Rates
- Title 38 Special Salary Rates for Civilian Health Care Professionals (GS)
- Title 5 Special Salary Rates (GS)
- Monitor & Provide Technical Assistance for Compensation of Foreign National Employees

Scope of Operations



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<u>Pay Plan</u>	<u>Number of Employees</u>	<u>Number of Schedules</u>
Foreign National Oversight	73,000	48
Title 5 & 38 GS Special Rates/Oversight	52,000	312
NAF Federal Wage System	45,800	375
NAF NF (Pay Band)	43,000	125
NAF Administrative Support & Patron Services	2,300	250
Overseas Educators	9,400	25
Overseas FWS (APF and NAF)	6,600	10
Maritime	3,500	8
Lock & Dam	1,800	69
Miscellaneous	500	20
Federal Wage System (APF)	206,000	980
Corps of Engineers Power Plant	1,000	8
Floating Plant	700	93
Defense Language Institute	600	1
Printing and Lithographic	78	5
USUHS	200	4
Hopper Dredge	200	4
Totals	446,678	2,337

Survey Specifications



- Wage Area Definition
- Industries Surveyed
- Establishments Surveyed
- Minimum Establishment Size
- Survey Jobs

Wage Area Definition



Appropriated Fund

- Recognized economic community such as Metropolitan Statistical Area or political unit (county, parish, township)
- Minimum of 100 wage employees of one agency subject to regular schedule
- Minimum of 20 establishments with at least 50 employees each or 10 with at least 50 employees each with a combined total of 1,500 employees
- Total private employment in industries surveyed is at least twice the Federal wage employment in the survey area

Wage Area Definition



Nonappropriated Fund (NAF)

- Minimum of 26 NAF wage employees
- Minimum of 1,800 private enterprise employees in establishments within survey specifications

Industries Surveyed



Appropriated Fund*

- Manufacturing
- Transportation
- Communications
- Public Utilities
- Wholesale

Nonappropriated Fund*

- Wholesale
- Retail
- Services & Recreation

*Industries may be added to the above when they account for significant private employment within the wage area.

Establishments Surveyed



- Universe Survey - Includes all firms in survey area which meet minimum size and industry type requirements
- Probability Sample Survey - Includes a representative sample of firms which meet minimum size and industry type requirements
- Survey Listing

Minimum Size



- Appropriated Fund – 50 or more employees; OPM may authorize lower minimum size.
- Nonappropriated Fund – 20 or more employees; 8 or more employees for Automatic Merchandising Machine Operators, Gasoline Service Stations, Bowling Centers, and Membership Sports and Recreation Clubs.

Survey Jobs



Appropriated Funds

- 21 required jobs representing grades 1-13
- 33 optional jobs representing grades 4-11
- 3 added jobs for hospitals representing grades 1, 2, and 8
- Additional jobs only with prior approval from OPM

Survey Jobs



Nonappropriated Fund

- 21 required jobs representing grades 1-10
- 11 optional jobs representing grades 1-10
- Additional jobs only with prior approval from OPM

"Monroney" Amendment



- Provision named for former Oklahoma Senator Mike Monroney
- Section 5343(d) of title 5, United States Code
- Established in 1969 and provides for possible use of wage data from outside a local area as a basis for establishing wages in areas with "specialized industries"
- DoD employees exempted from coverage in 1985
- Restored for DoD employees on December 28, 2001 (effective with 2002 wage survey results)



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"Monroney" Amendment

- Specialized Industries consist of Federal organizations involved in industrial production or repair activities (10 categories):
 - Aircraft
 - Ammunition
 - Artillery & Combat Vehicles
 - Communications Equipment
 - Electronics
 - Guided Missiles
 - Heavy Duty Equipment
 - Shipbuilding
 - Sighting & Fire Control
 - Small Arms

"Monroney" Application



- Not all wage areas have a "specialized industry"; thirty-six areas (out of 132) qualify
- FY 2002 NDAA, PL 107-107, Section 1113, reinstated provisions of the "Monroney" Amendment for DoD FWS employees
- Dominant Industry - At least 25% of total FWS employment or 1,000 or more employees in a wage area having more than 4,000 wage employees

“Monroney” Adequacy (Industry)



- Survey Area is one of the 25 largest Standard Metropolitan Statistical Areas; or
- Total number of employees in specialized private industry establishments located in the survey area is at least equal to total number of FWS employees working in the specialized industry

"Monroney" Adequacy (Jobs)



- Jobs found at companies involved in specialized industry – each must provide unweighted samples:
 - 1 in WG-01 through WG-04 – regular job/20 samples
 - 1 in WG-05 through WG-08 – regular job/20 samples
 - 1 in WG-09 or above – regular job/20 samples
 - 1 in WG-09 or above – special job/20 samples
 - 3 in WG-01 or above – regular or special job/10 samples

"Monroney" Issues



- Adequate samples in a job at grades 1-4
- No limitation on distance to obtain reference area data – may go outside reasonable labor market
- No provision to examine adequacy of data in alternate terms – 49% of San Antonio's data comes from aircraft but survey area is "inadequate"
- Contradicts prevailing rate concept

"Monroney" Issues



- Applies to all FWS positions, not just the special industry occupations
- Not based on need, i.e., recruiting & retention problems
- Adds to payroll costs
- Creates potential contracting out situations
- Competes unfairly with local private employers

"Monroney" Alternatives



- FY 2003 legislative proposals include a provision to abolish the "Monroney" Amendment
- Administrative Remedies Available:
 - Increased Minimum Rates
 - Special Rates
 - Unrestricted Rates
 - Recruitment/Relocation Bonuses and Retention Allowances Authorized for FWS Employees (July 20, 2001)